

## Minutes

**Meeting:** FCA Board

**Date of Meeting:** 27 June 2024

**Start time:** 09:00

**Venue:** Meeting held in Boardroom and via Microsoft Teams

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**Members Present:** Ashley Alder (Chair) Sophie Hutcherson  
Aidene Walsh Nikhil Rathi  
Alice Maynard Richard Lloyd  
Bernadette Conroy Sam Woods  
Liam Coleman (item 3 onwards) Bryan Zhang

**In attendance:** Set out in Annex A

**Presenters:** Set out in Annex A

**Apologies:** None

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### 1 Standing Items/ General Business

#### *Declarations of Interest*

- 1.1 The meeting noted there was a quorum present and proceeded to business.
- 1.2 No interests were declared in the items to be discussed.
- 1.3 On behalf of the Board, the Chair thanked William Hague for all he had done in the role as Company Secretary and welcomed Toby Hall into the role.

#### *Minutes of previous meeting*

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- 1.4 The Board **approved** the minutes of the meeting held on 23 May 2024.

*Action Log*

- 1.5 The Board **noted** the action log and **approved** the closure of completed actions.

## **2 Reports**

*Performance Committee – 13 June 2024*

- 2.1 The Board **noted** the report from the Chair of the Performance Committee on the meeting held on 13 June 2024. The Committee had:
- 2.2 Considered the Projects Change Portfolio Update<sup>1</sup> (Q4) and discussed project tracking methodology, overseen by the Project Management Unit, including project RAG rating assessments and stage gate movement analysis. The Committee were assured that the overall project portfolio was achievable, and that ongoing project management skills development, through pilot training and coaching was being provided to Accountable Executives and Project Sponsors.
- i. Considered a Financial Performance (Q4) paper and gained assurance on the methodology for tracking the delivery of 2024/5 efficiency targets and oversight and intervention at the executive level.
  - ii. Heard that in relation to operational hotspots (highlighted challenges receiving Executive focus), the report was increasingly positive, and the committee had gained assurance that executive interventions were meeting immediate challenges.
  - iii. Welcomed continued trend improvements in relation to Annual Operating Service Metrics.
  - iv. Received assurance through the Strategy Quarterly (Q4) Update that overall deliverables were on target, and heard that the “Enabling Consumers to help themselves” commitment was tracking amber due to additional supervision work needed to oversee the FSMA s21 Crypto Regime and the impact of HMT’s timeline. The committee had also noted that the Strategy team were undertaking a lessons learned exercise to

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<sup>1</sup> The Projects Change Portfolio consists of change initiatives (projects and programmes) that introduce business and information technology change to the FCA.

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feed into the next strategy regarding how to evidence progress and success of strategic outcomes.

*People Committee - 20 June 2024*

- 2.3 The Board **noted** the verbal update from the Chair of the People Committee on the meeting held on 20 June 2024. The Committee had:
- 2.4 Visited the FCA`s Edinburgh office and engaged with a wide range of staff, who had raised a number of issues, but the overriding theme was one of the importance of equivalence with colleagues based in both London and Leeds. The Committee had noted the pleasing levels of staff engagement, morale and the overall positive culture in the Edinburgh office.
- 2.5 Considered the workforce representation, performance and pay gap reporting publications for 2024, noted the increase in disclosure rates for a number of protected characteristics and discussed some of the activities that were taking place to continue to encourage colleagues to disclose their diversity data through the confidential reporting mechanisms in place.

*Audit Committee - 25 June 2024*

*(This item was discussed in conjunction with item 3)*

- 2.6 The Board **noted** the verbal update from the Chair of the Audit Committee on the meeting held on 25 June 2024. The Committee had:
- i. Heard that the NAO was largely on track with its audit, but this was pending any later parliamentary changes that may impact post general election. The NAO had no issues to raise in relation to either the FCA or PSR Annual Report and Accounts (AR&A).
  - ii. Noted the work carried out by teams to condense and refine the AR&A.
  - iii. Responded to the standard fraud control questions asked of it, noting that this may need to be repeated should there be any delays.
  - iv. Noted that there were a number of publications either within or alongside the AR&A that are not scrutinised by a committee of the Board, meaning that the Board takes assurance from the Executive and the controls that they employ.
  - v. Reviewed the forward look on accounts requirements of the next two years and agreed with the NAO that they would support the FCA in
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implementing appendix 1, provision 29 of the UK Corporate Governance Code (requiring a stronger basis for companies to evidence the effectiveness of their internal controls) for the 2025 year-end ahead of a formal requirement in the 2026 year-end.

*PRA*

- 2.7 Mr Woods briefed the Board on the business of the PRA that was of relevance to the FCA, in particular policy discussions amongst prudential regulators globally about the follow-up to the banking turmoil which occurred in 2023.

*CEO Report*

- 2.8 Mr Rathi briefed the Board on a number of topical issues, including:
- i. A delay to the publication of the Politically Exposed Persons review beyond the end-June statutory deadline until Parliament returns and that other policy publications were also postponed due to the pre-election period of sensitivity.
  - ii. An update on senior staffing changes.
  - iii. Ongoing activity and engagement of the Executive in developing an integrated approach to the way we regulate.
  - iv. Ongoing preparations for the post-election period.
  - v. An update on transforming data collections and moves made to decommission certain data requests and the role of the Information Governance Board in advising the Executive Regulation and Policy Committee on data requests arising from new policy.

*Independent Panels Monthly Reports*

- 2.9 The Board **noted** the reports from the independent panels.
- 2.10 The Board requested that the Panels' executive sponsors and secretariat work with the strategy team to summarise points arising from the panels and how they interrelate with the strategy proposals, for presentation at the 25 July 2024 Board meeting.

*Independent Panels Annual Reports 2023-2024*

- 2.11 The Board **noted** the Independent Panels Annual Reports 2023-2024
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### 3 Annual Report & Accounts

#### *FCA Annual Report & Accounts 2023-24*

- 3.1 In reviewing the FCA Annual Report and Accounts (AR&A) and having heard the views and assurances from the Chair of the Audit Committee, the Board suggested several enhancements that would promote even greater transparency and understanding by the reader, to be implemented as the FCA AR&A develops.
- 3.2 The Board **approved** the FCA AR&A 2023/24, including the Outcomes and Metrics webpage, SICGO report and metrics, Operating Services metrics, Positive Impact Report, and the climate related financial disclosures report.
- 3.3 The Board **delegated approval** of any changes to the FCA AR&A to the FCA Chair, FCA CEO and Chair of the Audit Committee, pending the NAO's audit completion report submission to the Audit Committee on 12 July 2024.
- 3.4 The Board **delegated approval** of the final (typeset) version reports to the FCA CEO and FCA Chair in July, ahead of publication.

#### *PSR Annual Report & Accounts 2023-24*

- 3.5 In reviewing the PSR Annual Report and Accounts (AR&A) The Board **noted** the efforts made in adopting a similar formatting style to the FCA's AR&A, as had been requested in the previous year.
- 3.6 Having heard the views and assurances from the Chair of the Audit Committee, the Board **approved** the PSR AR&A 2023/24.
- 3.7 The Board **delegated approval** of any changes to the PSR AR&A to the PSR Chair, PSR MD and Chair of the Audit Committee, pending the NAO's audit completion report submission to the Audit Committee on 15 July 2024.
- 3.8 The Board **delegated approval** of the final (typeset) version reports to the PSR MD and PSR Chair in July, ahead of publication.

### 4 Decisions of the Board

#### **Policy Proposals**

##### *Access to Cash Policy Statement*

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- 4.1 The Board **discussed** and sought clarity on the final policy and the suggested changes made in response to the Consultation Paper on Access to Cash, including how the rules would interact with existing legislation, particularly around anti-money laundering.
- 4.2 It was **noted** that there was a need to be clear in external communications to distinguish between the extent of the FCA's powers in respect of Access to Cash and the public debate about the wider topic of branch closures and access to broader in-person banking services.
- 4.3 The Board **agreed** to make the rules in principle with final decision to be obtained by Written Procedure after the election.

*Review of FCA retail conduct rules following the introduction of the Consumer Duty*

- 4.4 The Board reviewed a proposal to publish a call for input to seek public views on a possible review of individual Handbook retail conduct rules in light of the outcomes – based approach to regulation embedded in the Consumer Duty, and the opportunity this may afford to reduce the volume of Handbook rules.
- 4.5 The Board **agreed** to publish the call for input after discussing the proposal in the light of the FCA's primary and secondary international competitiveness and growth objectives.
- 4.6 In considering the paper, the Board sought and received assurance the Panels would be engaged. The Board also suggested that the risks highlighted in the paper were also drawn out in the consultation paper.

**Rules, Guidance and Technical Standards to be determined:**

*Listing Rules reforms: proposed final policy and supervisory strategy*

- 4.7 In considering the post consultation position on the proposals to overhaul the FCA's Listing Rules, the Board **noted** and took assurance from the Executive's description of how the revised regime will be supervised and how this will feature in the final Policy Statement. The Board discussed overall consultation feedback and final adjustments to the proposals as well as recent representations made to the Chair or the Board in advance of the meeting opposing the overall approach or specific aspects of the proposals. These representations had previously been circulated to all Board members. The Board noted that opposing views had been fully considered through the consultation process, including in relation to shareholder votes and dual class shares structures. The Board was satisfied with the final recommendations
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which had been discussed and debated in full at the Policy and Rules Committee.

- 4.8 In making the final rules, the Board took into account of the developments since the Policy and Rules Committee, as summarised in the Board paper.
- 4.9 The Board noted that further engagement with those who opposed these elements of the consultation will take place once the rules are published.
- 4.10 In reaching its decision, the Board considered the information presented to it in the round, including legal risk.
- 4.11 The Board **agreed** to a 5-year review period to assess the impact of the new rules. The Board **agreed** to keep the matter under regular review with an internal check point at the third year.
- 4.12 The Board agreed that rules (including consequential amendments) and a Policy Statement should be published, so that the regime can be operational in July 2024 and that Ministers should be made aware before publication.

*Rules and guidance to be determined*

- 4.13 The Board **resolved to make** the following instruments:
- i. Periodic Fees (2024/2025) and Other Fees (No 2) Instrument 2024 (FCA 2024/21)
  - ii. Collective Investment Schemes (Schemes Authorised in Approved Countries) Instrument 2024 (FCA 2024/22)
  - iii. UK Listing Rules Instrument 2024 (FCA 2024/23)
  - iv. UK Listing Rules (Consequential Amendments) Instrument 2024 (FCA 2024/24)
  - v. Handbook Administration (No 70) Instrument 2024 (FCA 2024/25)
- 4.14 The Board also **agreed** to make the following instrument in principle with final decision to be obtained via Written Procedure:
- i. Access to Cash Sourcebook Instrument 2024 (FCA 2024/XX)
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### **Finance Report**

#### *Smarter Regulatory Framework: update on progress, risk, & investment case*

- 4.15 The Board **approved** the Smarter Regulatory Framework Programme investment case.

#### *Gateway Forms Project: Full Investment case*

- 4.16 The Board **approved** the Gateway and Digital First Full Investment Case, including Workstream 4, Forms Portfolio.

### **Other decisions**

#### *Changes to the Governance Framework*

- 4.17 The Board considered and **approved** several delegations to its committees. In doing so, it noted the next steps, including some further work to resolve outstanding issues and updating of governance documentation for approval at its meeting on 3 October 2024.

#### *Operationalising the Cost Benefit Analysis (CBA) Panel - Terms of Reference, and proposed CBA Panel review process.*

- 4.18 The Board **approved** the Terms of Reference for the CBA Panel.
- 4.19 The Board considered alternative models for ensuring there is sufficient transparency around the Panel's advice to the FCA, which will inform the nature of the CBA Panel review process.

#### *The FCA's response to the Complaints Commissioner's Annual Report 2023/24*

- 4.20 The Board **approved** the FCA's response to the Complaints Commissioner's Annual Report for publication in July 2024.
- 4.21 The Board also **noted** the update given by the Chair of the Audit Committee in relation to its decision to agree the request by the Office of the Complaints Commissioner (OCC) for an increase in budget for 2024/25. The Board observed that this was a significant increase in the budget as compared with the actual spend for 2023/24 totalling £766,126 and noted the statutory obligation on the regulators to meet the expenses of the OCC and, given the independence of the OCC, that its ability to test the value for money of the
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increase was limited. The Board therefore recognised the importance of the transparency by the OCC around the use of resources.

## **5 Papers for noting**

### *Written Procedures*

- 5.1 The Board **noted** the decision taken by Written Procedure to appoint Sheldon Mills to the PSR Board.

There being no further business the meeting closed.

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## **Annex A: Attendees, presenters and observers**

### **In attendance:**

Emily Shepperd – Executive Director, Chief Operating Officer (FCA/PSR ARAs and Finance Report only)

Jessica Rusu – Executive Director, Chief Data, Information, and Intelligence Officer

Sarah Pritchard – Executive Director, Markets

Sheldon Mills – Executive Director, Consumers and Competition

Sheree Howard – Executive Director, Authorisations

Stephen Braviner Roman – Executive Director, Corporate Governance, Legal and Risk & Compliance Oversight

Therese Chambers – Executive Director, Enforcement and Market Oversight

William Hague – Director, Company Secretary

Toby Hall – Director, Company Secretary designate

Graeme McLean – Head of Department, Chief Executive Office

Katie Ellis – Manager, Private Secretary, Chairs Office

### **Presenters and observers:**

<b>Item 1 - Standing Items/ General Business</b>	No attendees
<b>Item 2 – Reports</b>	No attendees
<b>Item 3 - Annual Report &amp; Accounts</b>	<p><b>FCA Annual Report &amp; Accounts 2023-24:</b>  Helen Bower – Easton – Director  Kate Collyer – Director  Joe Genova – Head of Department</p> <p><b>PSR Annual Report &amp; Accounts 2023-24:</b>  David Geale – Director  Natalie Golding – Head of Department  Pete Colley – Manager</p>
<b>Item 4 - Decisions of the Board</b>	<p><b>Access To Cash Policy Statement:</b>  Sarah McKenzie – Head of Department  Simali Shah - Manager</p> <p><b>Review of FCA retail conduct rules following the introduction of the Consumer Duty:</b>  Graeme Reynolds – Director  Joanna Legg – Head of Department</p>

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	<p>Jason Pope – Technical specialist</p> <p><b>Listing Rules reforms - proposed final policy and supervisory strategy:</b>          Dominic Holland – Director          Helen Boyd – Head of Department          Adam Wreglesworth - Manager</p> <p><b>Finance Report - Smarter Regulatory Framework, Gateway Forms Project:</b>          Craig Chapman - Director</p> <p><b>Changes to the Governance Framework:</b>          Beverley Walker - Manager</p> <p><b>Operationalising the Cost Benefit Analysis (CBA) Panel - Terms of Reference, and proposed CBA Panel review process:</b>          Kate Collyer – Director          Haris Irshad – Head of Department          Sally Al Saleem – Manager</p>
<b>Item 5 - Items for Noting</b>	No attendees

Other relevant associates were also in attendance.

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